

Message Text

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67

ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 NEA-10 CIAE-00 DODE-00 PM-07

H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-12 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 IGA-02

RSR-01 /182 W

----- 025267

R 241614 Z MAY 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5285

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

USMISSION EC BRUSSELS

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E. O. 11652: GDS

TAGS: EFIN, CI, GW

SUBJECT: CHILE DEBT RESCHEDULING: EARLY FRG THOUGHTS

REF: STATE 61984

1. SUMMARY. GEHRING (ECONOMICS MINISTRY, DEBT RESCHEDULING) ASKED EMBOFF TO CALL MAY 23 TO DISCUSS SOME INFORMAL FRG SUGGESTIONS ON CHILE DEBT RESCHEDULING AND COMPENSATION PROBLEMS. GEHRING NOTED THAT THE EMBASSY'S LAST REPORT TO THE FRG ON THE STATUS OF US-CHILEAN DISCUSSIONS (PER REFTTEL) INDICATED, IN HIS VIEW, A COMPLETE STAND-OFF ON THE COMPENSATION QUESTION AND A US-GOC BILATERAL RESCHEDULING AGREEMENT. HE QUESTIONED WHETHER THIS IMPASSE COULD BE RESOLVED ON A BILATERAL BASIS AND WHETHER ITS CONTINUATION WOULD NOT RUN COUNTER TO CREDITOR INTERESTS. ON
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THE LAST POINT, HE SPECIFICALLY CITED THAT AN EXTENDED DELAY IN A 1973 RESCHEDULING COULD RESULT IN PRESSURE FOR CHILE TO BE TREATED AS A CASE FOR CONCESSIONAL, RATHER THAN CONVENTIONAL, RESCHEDULING TERMS. END SUMMARY.

2. IN LIGHT OF THE FOREGOING, GEHRING SUGGESTED THAT THE CREDITORS MIGHT BEST PROCEED AS FOLLOWS. FOR NOW, THE CREDITORS COULD TAKE THE POSITION THAT ANY FURTHER CONSIDERATION OF CHILE'S DEBT SITUATION HAD TO WAIT UNTIL THEY HAD AN OPPORTUNITY TO STUDY THE IMF'S REPORT, DUE TOWARD THE END OF JUNE. SUBSEQUENTLY, THE CREDITORS COULD AGREE TO MEET IN LATE JULY IN PARIS TO REVIEW CHILE'S SITUATION AND, ON A SEPARATE DAY, TO HAVE AN INFORMAL EXCHANGE OF INFORMATION WITH THE GOC. AT THE CREDITORS' MEETING, GEHRING WOULD FORESEE AGREEMENT ON A POSITION THAT NO 1973 RESCHEDULING NEGOTIATIONS WERE POSSIBLE UNTIL THE GOC MET ITS COMMITMENTS UNDER THE 1972 PARIS AGREEMENT, INCLUDING THE COMMITMENT TO CARRY OUT DIRECT NEGOTIATIONS ON COMPENSATION, OR ALTERNATELY, THAT THE CREDITORS WOULD BEGIN TECHNICAL DISCUSSIONS WITH THE GOC, BUT NO 1973 RESCHEDULING COULD BE CONCLUDED UNTIL THESE 1972 COMMITMENTS WERE MET. THE PARIS CLUB CHAIRMAN WOULD PRESENT THIS POSITION TO THE GOC REPRESENTATIVE IN THE SEPARATE SESSION.

3. GEHRING SAID THAT THE FRG REPRESENTATIVE AT THE LAST EC EXPORT CREDIT CONSULTATIONS HAD MADE THESE SUGGESTIONS. HE RECEIVED NO FIRM REACTION AT THAT TIME, BUT MAY AT THE NEXT CONSULTATIONS, MAY 25. GEHRING SAID HIS IMPRESSION WAS THAT OTHER EC GOVERNMENTS WERE NOT AS FULLY INFORMED ON THE STATUS OF US- CHILEAN TALKS AS THE FRG WAS. GEHRING SAID HE WOULD BE BACK IN TOUCH IF THE MAY 25 SESSION PRODUCED FURTHER REACTION.

4. COMMENT: WE HAVE HAD LITTLE PREVIOUS CONTACT WITH GEHRING. UNDER THE ECONOMIC MINISTRY'S RECENT ORGANIZATION RESPONSIBILITY FOR DEBT RESCHEDULING HAS BEEN TAKEN FROM THE COUNTRY DESKS AND CENTRALIZED IN THE EXPORT FINANCING OFFICE OF WHICH GEHRING IS LIMITED OFFICIAL USE

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DEPUTY DIRECTOR. GEHRING WILL APPARENTLY BE THE KEY PERSON AT HIS LEVEL ON RESCHEDULINGS WHICH INVOLVE PRIMARILY COMMERCIAL CREDITS (E. G. CHILE, URUGUAY). THE AID MINISTRY IS NOW PRIMARILY RESPONSIBLE FOR RESCHEDULING CASES IN WHICH CAPITAL AID CREDITS PREDOMINATE (E. G. INDIA, PAKISTAN, BANGLADESH). WHILE WE ACCEPT THAT GEHRING AND THE

FRG WISH TO BE HELPFUL, WE WOULD STRESS THE FRG'S
PERCEIVED INTEREST IN AN EARLY 1973 RESCHEDULING FOR
CHILE.
HILLENBRAND

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*** Current Classification *** LIMITED OFFICIAL USE

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